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United States  
Department of  
Agriculture

Economic  
Research  
Service

Agriculture  
Information  
Bulletin  
Number 648

April 1992

# Midsized Farms in 1987

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OFFICE OF THE  
AGRICULTURAL  
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*In this report...Much has been written about both very large and very small farms, but little has appeared about small- and moderate-sized commercial farms. The number and proportion of these farms have declined over time, but they are not disappearing. These midsized farms are still an important part of American agriculture.*

The declining number and proportion of midsized farms are associated with larger changes in the farm size distribution over the past three decades. A small but growing number of large farms are producing large and increasing shares of U.S. food and fiber. At the same time, a growing proportion of small farms produce a very small share of U.S. food and fiber. While the number and proportion of midsized farms are declining and agricultural production is becoming more concentrated on larger farms, midsized farms are still an important part of American agriculture. This bulletin examines the characteristics of these midsized farms.

The two groups of midsized farms identified in this bulletin are (1) small commercial farms with sales of \$50,000-\$99,999 per year and (2) moderate-sized commercial farms with sales of \$100,000-\$249,999 per year. While these sales amounts may seem large, net returns average only about \$17,000 on small commercial farms and \$40,000 on moderate-sized commercial farms. Since these returns must also provide for family living expenses, many farm households depend on off-farm income to supplement their household income and provide income stability.

The number of small commercial farms has been declining faster than the number of all farms. From 1978 to 1982, the number of farms nationwide fell by less than 1 percent, but the number of small commercial farms fell 4 percent. From 1982 to 1987, the number of small commercial farms declined by almost twice the

national average for all farms, 13.3 percent versus 6.8 percent. The number of moderate-sized commercial farms rose 30 percent from 1978 to 1982, but then declined 6 percent from 1982 to 1987.

These two classes accounted for 20 percent of all farms in 1987, 40 percent of all land in farms, and 34 percent of the value of farm product sales. Most operators are principally employed in farming, are sole proprietors, are part owners of their land, and report no off-farm work. The most common specialization is cash grains, followed by livestock and dairy. Midsized farms continue to be concentrated in the East and West North Central and the West South Central census divisions. The particular commodity type produced by these farms varies significantly by region and, to a lesser extent, by farm size.

These midsized farms also have the highest participation rates in Government farm programs and Commodity Credit Corporation (CCC) loans. This is due primarily to the prevalence of cash grains as the primary product on these farms. About one-third of all U.S. farms participate in Government farm programs, but almost two-thirds of midsized farms participate. These high participation rates make midsized farms more sensitive to changes in farm policy.

## New Sales Class Breaks Used

The 1987 Census of Agriculture, the most recent year for which these data were collected, used new sales class breaks to be consistent with the standard business size categories issued by the Office of Management and Budget in 1982. Sales classes now break at \$25,000 and \$50,000 rather than \$20,000 and \$40,000. Only a limited amount of historical data is published for farms with \$20,000-\$24,999 and \$40,000-\$49,999 in sales.

## Farm characteristics by sales class, 1987

*Small commercial and moderate-sized commercial farms captured a substantial portion of farms, land in farms, asset values, sales, and cash expenses.*

Characteristics	Units	Sales class				
		Less than \$50,000 (smaller than commercial)	\$50,000- \$99,999 (small commercial)	\$100,000- \$249,999 (moderate commercial)	More than \$250,000 (large commercial)	All farms
Farms	Number	1,573,988	218,050	202,550	93,171	2,087,759
Percentage of total	Percent	75.4	10.4	9.7	4.5	100
Land in farms	1,000 acres	338,336	161,935	225,037	239,162	964,471
Percentage of total	Percent	35.1	16.8	23.3	24.8	100
Average size	Acres per farm	215	743	1,111	2,567	462
Value of land and buildings	Million dollars	247,452	88,189	127,835	140,692	604,168
Percentage of total	Percent	41.0	14.6	21.1	23.3	100
Average value	Dollars per farm	157,213	403,407	644,693	1,510,040	289,387
Average value	Dollars per acre	731	546	572	588	627
Sales	Million dollars	16,517	15,661	31,178	72,692	136,048
Percentage of total	Percent	12.2	11.5	22.9	53.4	100
Average sales	Dollars per farm	10,494	71,825	153,929	780,199	65,165
Cash expenses	Million dollars	16,287	11,858	22,465	57,528	108,138
Percentage of total	Percent	15.1	11.0	20.8	53.1	100
Average expenses	Dollars per farm	10,348	54,241	113,296	617,447	51,797
Value of land and buildings per dollar of sales	Dollars	14.98	5.63	4.10	4.61	4.44
Cash expenses per dollar of sales	do.	.99	.76	.72	.73	.79
Net returns per acre <sup>1</sup>	do.	.68	23.48	38.72	32.34	28.94
Net returns per farm	do.	146	17,584	40,633	162,752	13,368

<sup>1</sup>Returns are calculated as sales less expenses.

Source: Census of Agriculture, 1987.

Small commercial and moderate-sized commercial farms accounted for more than 34 percent of all farm product sales.

*While three-quarters of all farms had sales less than \$50,000 annually, more than half of all farm sales came from large commercial farms with sales of \$250,000 or more.*

## Characteristics of operators of midsized farms, 1987

*Operators of midsized farms were less likely to own all the land they farmed and were more likely to be younger than the national average.*

Characteristics	Small commercial	Moderate commercial	Both classes	All farms
<i>Percent</i>				
Ownership:				
Full owner	32.6	27.0	29.9	59.3
Part owner	49.9	58.1	53.8	29.2
Tenant	17.5	14.9	16.2	11.5
Organization <sup>1</sup> :				
Sole proprietorship	83.5	73.2	78.5	86.7
Partnership	12.0	15.6	13.7	9.6
Corporation family	3.7	7.2	5.4	2.9
Corporation other	.3	.5	.4	.3
Principal occupation:				
Farming	87.1	91.9	89.4	54.5
Other	12.9	8.1	10.6	45.5
Off-farm work:				
None	64.0	73.1	68.4	43.1
Any	36.0	26.9	31.6	56.9
Age (years):				
Under 25	2.2	1.4	1.8	1.7
25-34	16.8	15.8	16.3	11.6
35-44	21.0	24.3	22.6	19.7
45-49	10.3	12.1	11.2	10.7
50-59	24.2	25.6	24.9	23.0
60-69	19.3	16.5	17.9	21.0
70 or more	6.2	4.3	5.3	12.3

<sup>1</sup>Excludes cooperative, estate, trust, institutional, and other farming organizations.

*Farming was the principal occupation of almost all operators of midsized farms. Nearly one-third of midsized farm operators worked off the farm, but for most who did, the off-farm job was not their principal occupation.*

# Net gain or loss and Government farm program participation by sales class, 1987<sup>1</sup>

*Most midsized farms reported net gains in 1987. Midsized farms had relatively high participation rates in Government farm programs, primarily due to the prevalence of cash grains as the primary product.*

Item	Units	Smaller than commercial	Commercial farms			All farms
			Small	Moderate	Large	
Percentage of farms with net gain	Percent	47.5	81.5	87.8	91.3	56.8
Average gain	Dollars	5,638	25,145	48,726	180,178	27,104
Percentage of farms with net losses	Percent	52.5	18.5	12.2	8.7	43.2
Average loss	Dollars	4,690	15,991	24,499	72,375	6,318
Participation in Government programs:						
Percentage of class	Percent	24.3	61.6	65.1	54.2	33.5
Percentage of all participants	do.	54.7	19.2	18.9	7.2	100.0
CCC loans:						
Percentage of class	do.	7.4	34.7	39.5	30.5	14.4
Percentage of all participants	do.	38.8	25.1	26.6	9.5	100.0
Class as a percentage of all participants by commodity:						
Corn	do.	35.6	25.6	28.8	10.0	100.0
Wheat	do.	41.8	26.2	23.4	8.6	100.0
Soybeans	do.	28.3	26.6	32.9	12.2	100.0
Sorghum	do.	40.1	27.6	24.2	8.1	100.0
Cotton	do.	35.2	20.9	29.0	14.9	100.0
Peanuts	do.	46.1	21.1	22.5	10.3	100.0

<sup>1</sup>Net gain or loss from agricultural sales for the farm unit is the gross market value of agricultural product sales less total operating expenditures. The gain or loss is that of the farm unit rather than the net farm income of the operator. Gross sales include sales by the operator as well as shares received by partners, landlords, and contractors. Some operating expenditures may also be shared by landlords.

*The incomes of small and moderate-sized commercial farms were more dependent on farm programs and policies than were the incomes of very small and very large farms because of their higher rates of participation in commodity programs.*

## Geographic distribution of midsized farms, 1987

*Midsized farms continued to be concentrated in the areas traditionally considered the Farm Belt.*

Census division	Divisions' share of various farm sizes			
	Small commercial	Moderate commercial	Both classes	All farms
Percent				
New England	1.17	1.37	1.27	1.21
Mid-Atlantic	5.98	5.79	5.89	4.72
East North Central	22.97	22.90	22.94	17.52
West North Central	37.11	33.04	35.15	23.87
South Atlantic	6.53	8.24	7.35	11.51
East South Central	5.01	5.02	5.01	11.98
West South Central	9.40	10.87	10.11	16.07
Mountain	6.38	6.19	6.29	5.96
Pacific	5.45	6.59	6.00	7.15
United States	100.00	100.00	100.00	100.00

58 percent of midsized farms were in the North Central census divisions.

	Sales classes' share of farms in each division			
	Small commercial	Moderate commercial	Both classes	All farms
<i>Percent</i>				
New England	10.08	11.02	21.10	100.00
Mid-Atlantic	13.25	11.92	25.17	100.00
East North Central	13.71	12.70	26.41	100.00
West North Central	16.25	13.45	29.70	100.00
South Atlantic	5.93	6.95	12.88	100.00
East South Central	4.37	4.07	8.44	100.00
West South Central	6.12	6.57	12.69	100.00
Mountain	11.18	10.08	21.26	100.00
Pacific	7.97	8.95	16.92	100.00
United States	10.46	9.72	20.18	100.00

*Midsized farms made up 20 percent of all U.S. farms, but were very concentrated in the North Central States. Nearly 30 percent of all farms in the West North Central division were midsized farms, the highest share of any division.*

## Geographic distribution of midsize farms by commodity specialization type, 1987<sup>1</sup>

*Nationally, nearly one-third of all midsize farms were cash grain farms.*

Census division	Portion of division midsize farms in each SIC specialty, by size class						
	Cash grain <sup>2</sup>		Livestock <sup>2</sup>		Dairy		
	Small	Moderate	Small	Moderate	Small	Moderate	
	commercial	commercial	commercial	commercial	commercial	commercial	
Percent							
New England	0.28	0.14	3.94	2.06	61.33	67.57	Over 90 percent of midsize farms in these divisions specialized in these three commodities.
Mid-Atlantic	4.07	3.17	8.39	6.23	71.38	72.97	
East North Central	43.53	40.14	14.59	17.01	34.99	34.88	
West North Central	49.27	41.70	32.71	38.88	12.87	12.54	
South Atlantic	9.16	6.41	17.79	10.23	7.80	14.29	
East South Central	17.93	16.99	25.07	14.63	20.06	20.59	
West South Central	24.10	23.05	37.03	23.78	5.79	9.39	
Mountain	29.94	24.72	44.85	41.95	5.43	9.17	
Pacific	14.84	16.27	15.72	11.67	3.15	8.90	
United States	34.98	29.62	25.64	24.64	20.36	21.65	

Divisions' share of Nation's SIC specialty midsize farms, by size class							
	Cash grain <sup>2</sup>		Livestock <sup>2</sup>		Dairy		
	Small commercial	Moderate commercial	Small commercial	Moderate commercial	Small commercial	Moderate commercial	
Percent							
New England	0.01	0.01	0.17	0.11	3.51	4.27	Roughly 80 percent of midsize cash grain farms were in these two divisions.
Mid-Atlantic	.69	.63	1.95	1.46	20.96	19.50	
East North Central	28.55	31.00	13.06	15.80	39.44	36.84	
West North Central	52.20	46.45	47.28	52.07	23.43	19.11	
South Atlantic	1.71	1.79	4.53	3.43	2.50	5.45	
East South Central	2.56	2.87	4.89	2.98	4.93	4.77	
West South Central	6.47	8.44	13.56	10.48	2.67	4.71	
Mountain	5.45	5.15	11.14	10.51	1.70	2.61	
Pacific	2.36	3.66	3.42	3.16	.86	2.74	
United States	100.00	100.00	100.00	100.00	100.00	100.00	

<sup>1</sup>Forty-nine-State averages. Standard Industrial Classification (SIC) data were not available by sales class for Alaska. Data for cash grains are for 48 States; SIC data by sales class were also not available for Hawaii. A farm must have more than 50 percent of its sales from a particular commodity to be listed in that SIC group.

<sup>2</sup>Cash grain farms specialize in the production of wheat, corn, soybeans, beans, and other small grains. Livestock farms exclude dairy, poultry, and animal specialties.

*The most common specialization for midsize farms in the North Central divisions was cash grains. In the New England and Mid-Atlantic divisions, dairy was the most common. Elsewhere, livestock farms predominated.*



# Geographic distribution of small commercial farms by other commodity specialization types, 1987<sup>1</sup>

*More than 90 percent of the Nation's small commercial farms specialized in cash grains, livestock, or dairy. However, in the South, field crops, especially tobacco, were a major specialty; fruit and nuts dominated in the Pacific division.*

	Portion of division small commercial farms in each SIC specialty						
Census division	Field crop <sup>2</sup>	Vegetable	Fruit and nut	General	Horticulture	Poultry	Animal specialty
Percent							
New England	8.79	5.16	7.80	1.26	7.21	2.68	1.54
Mid-Atlantic	1.81	2.92	3.08	2.42	3.55	1.21	1.16
East North Central	.87	.99	.95	2.05	1.01	.57	.44
West North Central	1.08	.13	.05	3.00	.23	.34	.31
South Atlantic	31.53	2.91	7.00	4.99	5.46	11.45	1.91
East South Central	20.08	1.26	.49	5.48	1.65	6.36	1.63
West South Central	21.32	.96	.58	3.02	1.16	4.83	1.21
Mountain	10.80	1.04	1.32	4.20	.93	.13	1.36
Pacific	9.60	4.07	43.78	1.80	4.73	.63	1.68
United States	7.10	1.15	3.57	2.99	1.48	1.92	.80
Divisions' share of Nation's SIC specialty small commercial farms							
	Field crop <sup>2</sup>	Vegetable	Fruit and nut	General	Horticulture	Poultry	Animal specialty
Percent							
New England	1.44	5.24	2.54	0.49	5.66	1.62	2.22
Mid-Atlantic	1.53	15.24	5.16	4.84	14.31	3.77	8.60
East North Central	2.80	19.84	6.13	15.68	15.67	6.77	12.65
West North Central	5.64	4.20	.50	37.17	5.72	6.61	14.42
South Atlantic	28.99	16.56	12.78	10.88	24.01	38.84	15.50
East South Central	14.16	5.48	.68	9.17	5.56	16.56	10.14
West South Central	28.22	7.88	1.52	9.47	7.32	23.59	14.07
Mountain	9.69	5.80	2.35	8.94	3.99	.43	10.77
Pacific	7.54	19.76	68.33	3.36	17.77	1.81	11.62
United States	100.00	100.00	100.00	100.00	100.00	100.00	100.00

<sup>1</sup>Forty-nine-State averages. Standard Industrial Classification (SIC) data were not available by sales class for Alaska. A farm must have more than 50 percent of its sales from a particular commodity to be listed in that SIC group; all others are general farms.

<sup>2</sup>Field crop farms specialize in the production of cotton, tobacco, sugarcane and sugar beets, potatoes, and other nongrain crops.

*Almost three-fourths of all small commercial field crop farms were in the South Atlantic and South Central divisions; more than two-thirds of small commercial fruit and nut farms were in the Pacific division.*

# Geographic distribution of moderate-sized commercial farms by other commodity specialization types, 1987<sup>1</sup>

*Overall, fewer than 10 percent of moderate-sized commercial farms specialized in a commodity other than cash grains, livestock, or dairy, but some divisions did not follow the national trend.*

	Portion of division moderate-sized farms in each SIC specialty						
Census division	Field crop	Vegetable	Fruit and nut	General	Horticulture	Poultry	Animal specialty
<i>Percent</i>							
New England	8.55	2.78	7.00	1.01	6.78	3.50	0.61
Mid-Atlantic	11.50	3.40	3.38	1.87	4.20	2.56	.73
East North Central	.85	.85	1.00	2.47	1.18	1.26	.35
West North Central	1.98	.08	.04	3.27	.32	.95	.23
South Atlantic	23.21	2.05	4.73	5.94	5.45	26.67	1.03
East South Central	19.14	.52	.22	3.18	1.91	21.14	1.68
West South Central	23.61	.89	.30	2.96	1.03	14.33	.66
Mountain	14.30	1.26	.91	5.04	1.22	.37	1.06
Pacific	11.61	4.70	36.53	2.80	5.44	1.08	1.02
United States	8.15	1.14	3.46	3.24	1.81	5.71	.58
<i>Divisions' share of Nation's SIC specialty moderate-sized farms</i>							
	Field crop	Vegetable	Fruit and nut	General	Horticulture	Poultry	Animal specialty
<i>Percent</i>							
New England	1.44	3.33	2.77	0.43	5.13	0.84	1.44
Mid-Atlantic	1.07	17.26	5.65	3.34	13.43	2.59	7.21
East North Central	2.40	17.08	6.59	17.48	14.96	5.05	13.74
West North Central	8.03	2.42	.41	33.38	5.84	5.49	13.32
South Atlantic	23.52	14.84	11.28	15.15	24.90	38.58	14.59
East South Central	11.77	2.29	.31	4.93	5.30	18.55	14.50
West South Central	31.44	8.48	.93	9.92	6.20	27.24	12.30
Mountain	10.83	6.83	1.63	9.61	4.18	.40	11.20
Pacific	9.51	27.47	70.43	5.77	20.07	1.26	11.70
United States	100.00	100.00	100.00	100.00	100.00	100.00	100.00

<sup>1</sup>Forty-nine-State averages. Standard Industrial Classification (SIC) data were not available by size class for Alaska. A farm must have more than 50 percent of its sales from a particular commodity to be listed in that SIC group.

*Field crops and poultry were important specialties of moderate-sized commercial farms in the South. More than 80 percent of moderate-sized commercial poultry farms were in the South Atlantic and South Central divisions, while 70 percent of moderate-sized commercial fruit and nut farms were in the Pacific division.*

### **For additional information on midsized farms...**

contact Nora Brooks (202) 219-0522, Agriculture and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture, Room 328, New York Ave., NW., Washington, DC 20005-4788.

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